2005 BRAC DLR PROCUREMENT MANAGEMENT CONSOLIDATION UPDATE

PRINCIPAL ASSISTANT RESPONSIBLE FOR CONTRACTING

(PARC) CONFERENCE, 31 OCT 05

MS. SUE BAKER
PRINCIPAL DEPUTY
HQ, AMC G-3

US ARMY MATERIEL COMMAND

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DEPUTY CHIEF OF STAFF FOR OPERATIONS

Need to be faster, more agile, less bureaucratic - Need to fight this everyday!

AGENDA

- **Bottom Line Up Front**
- **BRAC Supply and Services Management Organization**
- **DLR Procurement Management Consolidation**
- **Commodity Management Privatization**
- **The Way Ahead**

BOTTOM LINE UP FRONT

- **Scope of discussion: Activities associated with the Supply and Services Joint Cross-Service Workgroup (S&S JCSG)**
- **S&S JCSG recommendations will change the way we do business:**
  - Consumable item management will transfer to DLA
  - DLR procurement management will transfer to DLA
- **AMC will establish a virtual inventory control point at Redstone Arsenal**
- **Rock Island LCMC will relocate to Detroit**
- **Ft. Huachuca COMSEC commodity management will realign with Fort Monmouth LCMC at Aberdeen Proving Grounds**

BOTTOM LINE UP FRONT
(CONTINUED)

- **Goal is to establish a mechanism to manage holistically:**
  - Open communications include periodic video teleconferences with an operational focus
  - Synchronize and coordinate plans, actions and schedules
  - Key objectives: mission fulfillment and people

- **There are known issues to address:**
  - Ensure we understand and implement BRAC strategic intent
  - Define specific items that will transfer (consumables, field-level reparables)
  - Define specifics regarding functions that will transfer
  - Assess/manage secondary impacts such as competition in contracting and long-term contract implication

- **Want LCMC collaboration and input:**
  - Business Plan
  - Concept of Operations Plan
  - Implementation Plan

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BRAC SUPPLY & SERVICES IMPLEMENTATION MANAGEMENT ORGANIZATION

SUPPLY & SERVICES (S&S) JOINT CROSS-SERVICE WORKGROUP (JCSG)

- Chaired by Director, DLA
- GO & SES representatives from services and DLA
- Developed BRAC recommendations
- Operational through implementatio

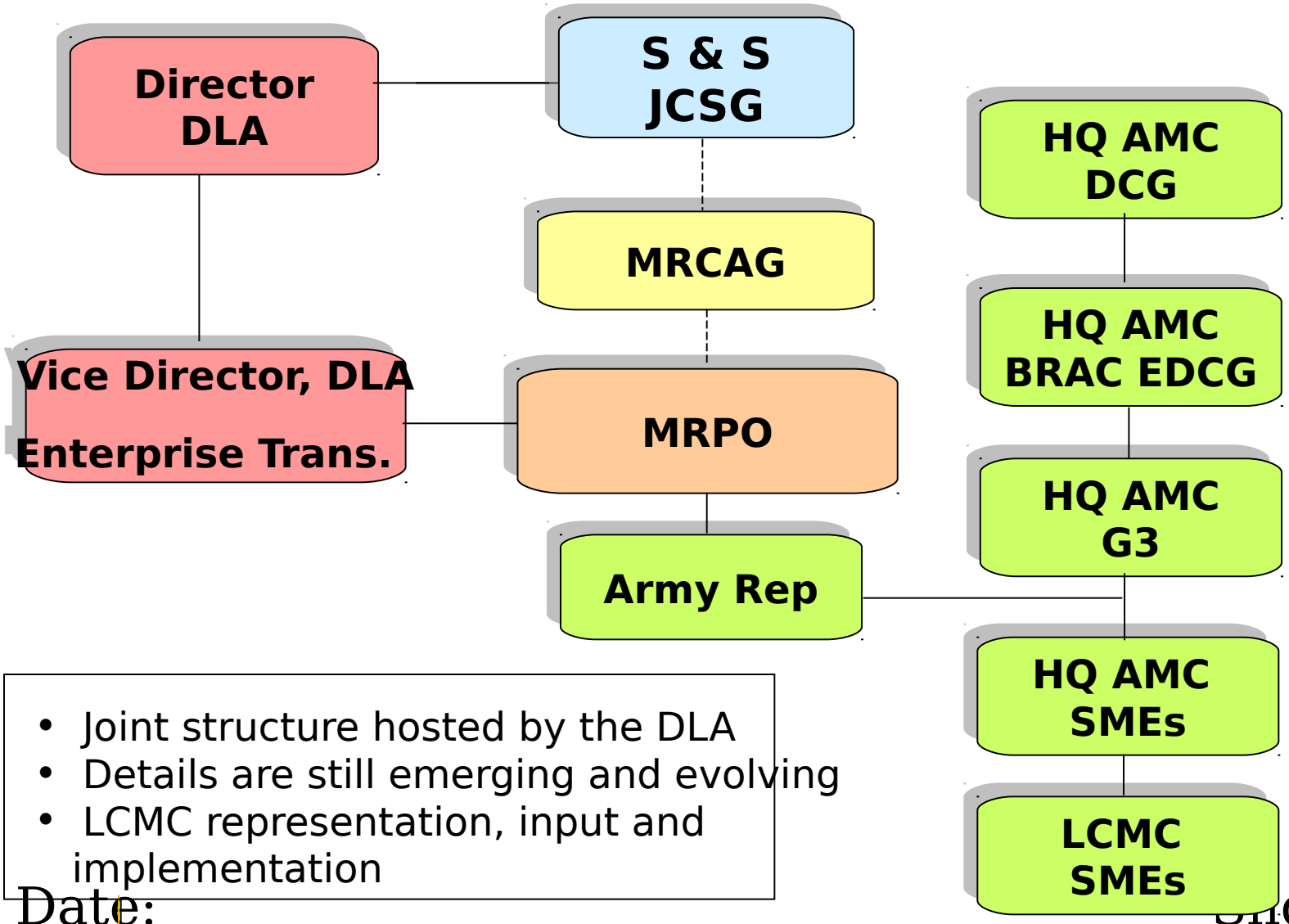
MATERIEL READINESS COMPONENT ADVISORY GROUP (MRCAG)

- Chaired by Vice Director, DLA
- GO & SES Joint DOD membership
- Provides BRAC change oversight

MATERIEL READINESS PROJECT OFFICE (MRPO)

- DLA leadership
- 0-6 joint-service membership
- Implements BRAC changes

BRAC SUPPLY & SERVICES IMPLEMENTATION MANAGEMENT ORGANIZATION



- Joint structure hosted by the DLA
- Details are still emerging and evolving
- LCMC representation, input and implementation

MATERIEL READINESS COMPONENT ADVISORY GROUP (MRCAG)

- **Considers larger implications of BRAC changes**
- **Advises MRPO on strategy development**
- **Assesses MRPO plans and schedules**
- **Oversees MRPO resource and priority management**
- **Provides forum for issue vetting and resolution**
- **Joint-service technical expert representation**
  - Provides voice for service-unique issues
  - Provides communications conduit back to home service
  - Facilitates exposure of new constructs within home service
- **Provides direct support to DLA Vice Director**

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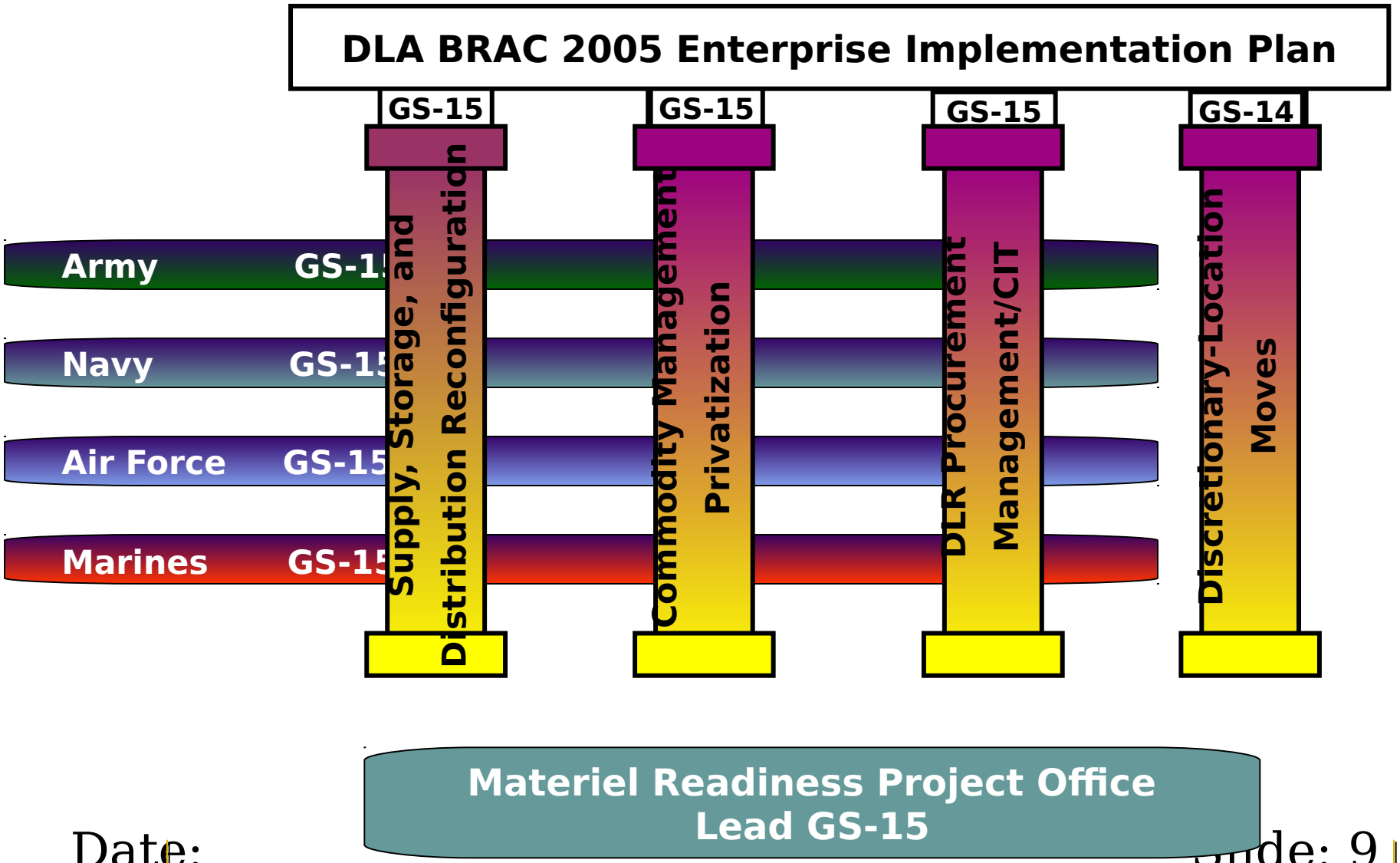
MATERIEL READINESS PROJECT OFFICE (MRPO)

- **Joint project office created to integrate efforts; translate larger picture to execution of S&S recommendations**
  - Staffed with component personnel
  - Will interact with components
  - Seek to build visible partnerships
  - Provide exposure to evolving mechanisms
  - Lead BRAC S&S implementation efforts

Established 20 Sep 05

Disbands when BRAC decisions are implemented

JOINT MRPO REPRESENTATION



DLR PROCUREMENT MANAGEMENT CONSOLIDATION

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S&S JCSG DLR PROCUREMENT MANAGEMENT CONSOLIDATION RECOMMENDATION

- **CONSUMABLE MANAGEMENT:**

Relocate the budget/funding, contracting, cataloging, requisition processing, customer services, item management, stock control, weapon system secondary item support, requirements determination, and integrated materiel management technical support inventory control point functions for consumable items to the DLA.

- **PROCUREMENT OF DEPOT-LEVEL REPARABLES:**

Relocate, and/or disestablish the procurement management and related support functions for depot-level reparables and designate them as DLA inventory control point functions.

- **SERVICES WILL RETAIN:**

A number of inventory control point functions (allowance/initial supply support list development, configuration management, user engineering support,

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2005 BRAC DLR SYNOPSIS

SERVICES RETAIN

Logistics Support Processes
Service Logistics Systems
DLR Requirements Determination
Item mgmt responsibility
DLR Repair Management
Title 10 Responsibilities
 -- Achieving readiness levels
 -- 50/50 compliance
DLR Technical Support
DLR Reliability Engineering
DLR Deficiency Resolution
Airworthiness Responsibility
ECP/TO change/TCTO Execution
Engineering Release Authority
Service Stockage Policy

DLR Purchasing Responsibility
Service DLR "Buy" Cost Authority
 (example: Air Force buy = $1.5B / yr)
Contract Development Responsibility
Service DLR Buy Support Personnel
Commodity Council Leadership
Remaining consumable items

Transfer to
DLA

IMPACT OF DLR PROCUREMENT MANAGEMENT CONSOLIDATON

STARTS: 2006

COMPLETED: 2011

- Net present value savings*: $1.9B
- One-time costs: $127M
- Positions realigned: 1,315
- Positions eliminated: 227

* Immediate payback period. All figures are DOD-wide.

COMMODITY MANAGEMENT PRIVATIZATON

BRAC COMMODITY MANAGEMENT PRIVATIZATION

- Privatizes supply functions performed at TACOM, Mechanicsbur Hill Air Logistics Center and at Defense Supply Center Richmond
  - Assigns responsibility for tire contracts to DLA Columbus Inventory Control Point
  - Assigns responsibilities for packaged POL and compressed gases to DLA Richmond Inventory Control Point
- Privatizes storage and distribution functions performed at other distribution depots
- Eliminates 2.2M square feet of covered storage space

- On-going long-term contracts?
- OCONUS tire support?

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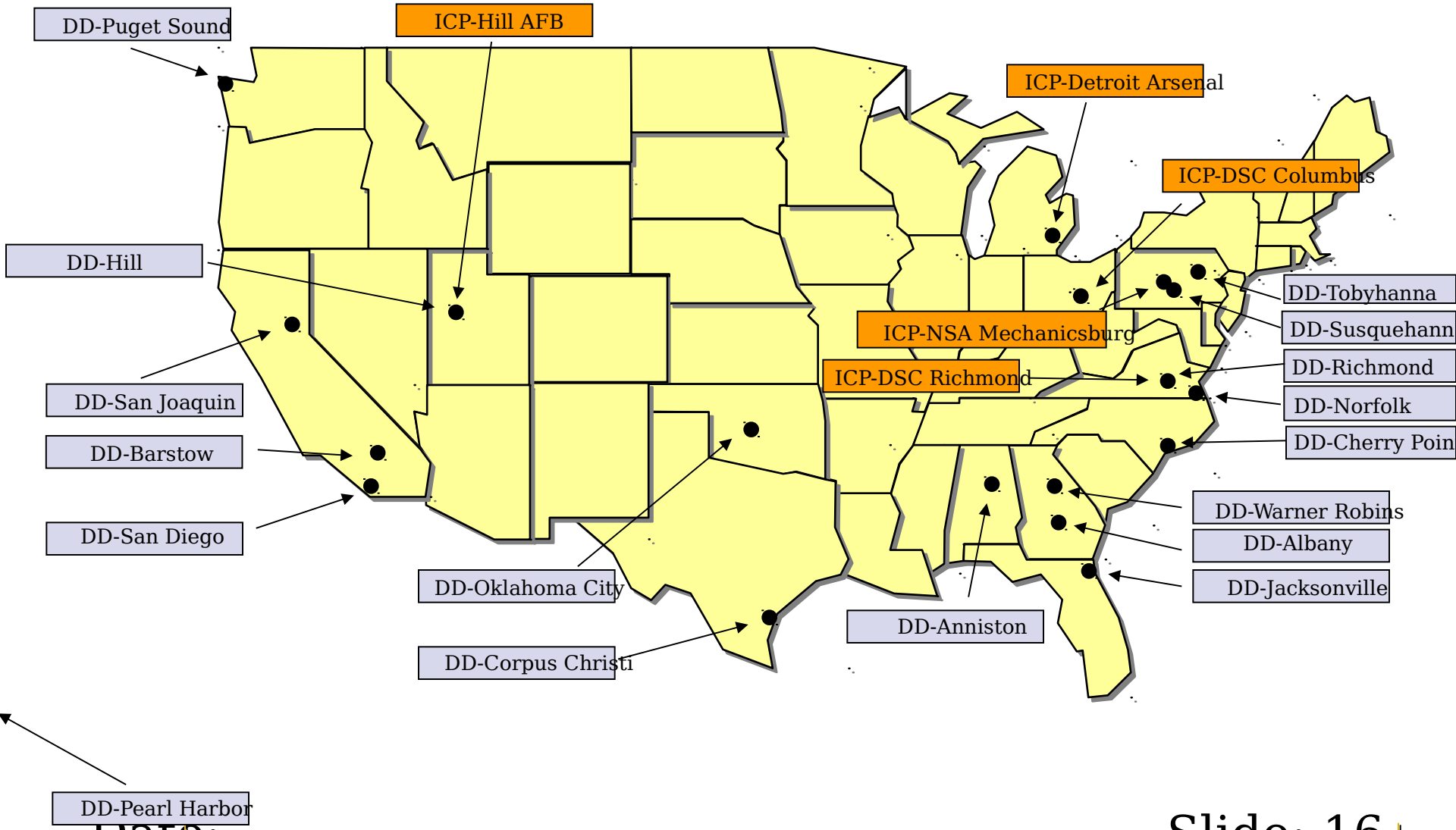
COMMODITY MANAGEMENT PRIVIATIZATION



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IMPACT OF COMMODITY MANAGEMENT PRIVATIZATION

STARTS: 2006

COMPLETED: 2008

- Net present value savings*: $735.8M
- Positions realigned: 0
- Positions eliminated: 133

* Immediate payback period. All figures are DOD-wide.

05 BRAC: THE WAY AHEAD

- Last BRAC legislative hurdle: 8 Nov 05
- Organizational structure to implement S&S changes has been set
- Joint DOD program documentation is being developed now:
  - Business Plans
  - Concepts of Operations
  - Detailed Implementation Plans
- Keys to AMC's holistic approach to meeting BRAC 05 challenge:
  - Open communications between HQ and LCMCs, to include periodic VTCs
  - Coordination and synchronization between MRPO, HQ and LCMCs
  - LCMC collaboration on documents, plans and schedules
  - LCMC development of internal BRAC plans
  - Clarify and define BRAC strategic intent and assumptions
  - Accurately and quickly address acquisition and materiel management issues as they arise

05 BRAC: THE WAY AHEAD (Continued)

- We need to work with the DLA and other services to:
  - Shape implementation of S&S JCSG recommendation
  - Ensure warfighter support
  - Take care of people
  - Implement BRAC intent
  - Build a strong partnership with DLA

BACK-UP SLIDES

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DRAFT BUSINESS PLAN #176 (S&S)
ITEM MIGRATION SUMMARY

AMC LOCATIONS ONLY

LOCATION	ACTIVITY	DESTINATION	CIVILIAN PERSONNEL
Soldier Systems Center, Natick, MA,	CIT	Move to DSC Phila.	10
	DLR (MILDEP Move to Aberdeen)	TIP (DSC Philadelphia)	1
Detroit Arsenal, MI *	CIT	Move to DSC Columbus	36
	DLR	TIP (DSC Columbus)	53
Rock Island Arsenal, IL *	CIT	Move to DSC Columbus	52
	DLR (MILDEP Move to Detroit)	TIP (DSC Columbus)	MILDEP 972 to Detroit (36 TIP)
Ft Huachuca, AZ *	CIT	Move to DSC Columbus	9
	DLR (MILDEP Move to Aberdeen)	TIP (DSC Columbus)	MILDEP 12 to Aberdeen (1 TIP)
Redstone Arsenal AL	CIT (Missile)	Move to DSC Columbus	15
	DLR (Missile)	TIP DSC	13
	CIT (Aviation)	Move to DSC Richmond	43
	DLR (Aviation)	TIP DSC Richmond	38
Monmouth, NJ*	CIT	Move to DSC Columbus	44
	DLR	TIP DSC Columbus	MILDEP 1,134 to Aberdeen (53 TIP)

Migration Description: Identify the units, activities, tenants (including billets moved and eliminated) that must be relocated and the location(s) to which they will relocate. Incorporates "Notes For DLRs" addendum to draft plan.

* = As a result of closing Ft. Monmouth

Date: 8/03/2005

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DLR PROCUREMENT MANAGEMENT CONSOLIDATION MOVE SCHEDULE

Location	Activity	Destination	Personnel Move Schedule					
			2006	2007	2008	2009	2010	2011
Ft Huachuca, AZ	CIT	DSC Columbus	0	0	9	0	0	0
	DLR	Move to Aberdeen, TIP to DSC Columbus	0	1	0	0	0	0
Ft Huachuca, AZ	OTHER	Move to Aberdeen and consolidate	0	0	175	0	0	0
Redstone Arsenal AL (Missile)	CIT	DSC Columbus	0	0	15	0	0	0
	DLR	TIP to DSC Columbus	0	13	0	0	0	0
Redstone Arsenal AL (Aviation)	CIT	DSC Richmond	0	0	43	0	0	0
	DLR	TIP to DSC Richmond	0	38	0	0	0	0
Ft Monmouth	CIT	DSC Columbus	0	0	44	0	0	0
	DLR	TIP to DSC Richmond	0	53	0	0	0	0
Ft Monmouth	OTHER	Move to Aberdeen and consolidate	0	0	1134	0	0	0

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DLR PROCUREMENT MANAGEMENT CONSOLIDATION MOVE SCHEDULE(PG 2)

Location	Activity	Destination	Personnel Move Schedule					
			2006	2007	2008	2009	2010	2011
Soldier Systems Center, Natick, MA,	CIT	DSC Philadelphia	0	0	10	0	0	0
	DLR	TIP to DSC Philadelphia	0	1	0	0	0	0
Detroit Arsenal, MI	CIT	DSC Columbus	0	0	53	0	0	0
	DLR	TIP to DSC Columbus	0	53	0	0	53	0
Rock Island Arsenal, IL	CIT	DSC Columbus	0	0	52	0	0	0
	DLR	Move to Detroit, TIP to DSCC		36				
Rock Island Arsenal, IL	Other	Move and transfer to PACOM	0	0	1004	0	0	0

NOTES: These are the requirements in the Army recommendation. There are conflicting requirements in COB
Data call required DLRs to transfer in place in 2007. Cannot move until facility is available. MILCON will not b
available until 2008. MILCON funding in COBRA is in 2006 and 2007.

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DRAFT BUSINESS PLAN #176 (S&S)
TOTAL COST SUMMARY ($K)

AMC LOCATIONS ONLY

LOCATION	2006	2007	2008	2009	2010	2011	TOTAL	BEYOND
Soldier Systems Center, Natick, MA,	26	20	740	0	0	0	795	0
Detroit Arsenal, MI	3439	42733	1824	149	137	128	48411	0
Rock Island	1483	1112	33226	727	533	416	37497	0
Ft Huachuca, AZ	197	148	7521	0	0	0	7866	0
Redstone Al	47	35	1906	121	116	75	2300	0
Aberdeen MD	443	1015	6	0	0	0	10590	0

Financial Plan: Using COBRA as the basis, provide the costs and savings associated with moving each unit. Explain any deviations from COBRA baseline (OSD) BRAC in conjunction with OSD (COMP) will be issuing guidance to align this information in a format consistent with budget displays.

Source: BRAC Cost of Base Realignment Actions (COBRA) Model

MRCAG MEMBERSHIP

COMPONENT	REPRESENTATIVE
DLA	MG Loren Reno, Vice Dir., DLA (Chairman)
OSD	SES Jim Hall, Dir., Studies & Analysis, OUSD (AT&L)
ARMY	SES Gary Motsek, Dep. Dir., Support Ops., HQ AMC
NAVY	RDML Mike Roesner, Cdr., Naval ICP
AIR FORCE	MG Mike Collings, Cdr., Warner-Robins ALC
MARINES	SES Michel T. Madden, Exec. Dep., MCLC

HOW DO WE COMMUNICATE?